



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE
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CALIFORNIA TREASURER ANGELIDES CALLS ON AES CORP. TO REFORM EXECUTIVE PAY, FULLY DISCLOSE COMPANY PAYOUTS

SACRAMENTO, CA – California State Treasurer Phil Angelides today called on AES Corp. – one of the companies he highlighted last week in his “Spotlight Four List” of companies with oversized executive pay packages – to reform its executive pay practices and to fully disclose to shareholders the full amount of the compensation packages it awards its executives and employees.

In a letter today to AES Chairman Richard Darman, the Treasurer once again called on the company to rein in its executive compensation package for executives and bring it into line with proxy voting policies for both the California Public Employees’ Retirement System (CalPERS) and the California State Teachers’ Retirement System (CalSTRS), which provide that no more than five percent of the equity compensation granted by a company should be distributed to the top five executives.

“We believe AES’ executive pay practices merit attention because the top five officers received over \$9 million in compensation in 2003 alone, despite the fact that the company’s stock declined by more than 60 percent over the five-year period ending in 2003, the year your company awarded this compensation,” Angelides said in the letter released today.

Angelides’ letter follows his release last week of his “Spotlight Four List” of four poorly performing companies, including AES, whose top executives hauled down the lion’s share of stock options and grants given by the companies. The release of the list was part of a new drive he launched to highlight and rein in excessive executive pay.

In putting together the “Spotlight Four List,” the Treasurer’s Office relied on AES’ own proxy statement. While AES has disputed some of the Treasurer’s figures, Angelides pointed out in his letter today that the Treasurer’s Office is still unable to verify – by reviewing AES’ federal SEC filings – the data that the company cited in its November 10 press statement. Even so, Angelides wrote, “By any measure – even the data cited in your press statement – AES executive compensation practices violate” CalPERS’ and CalSTRS’ proxy voting policies.

Please visit the Treasurer’s Office website, at www.treasurer.ca.gov, to view a copy of the Treasurer’s letter to AES.



PHILIP ANGELIDES
Treasurer
State of California

November 15, 2004

Mr. Richard Darman
Chairman
The AES Corp.
4300 Wilson Boulevard, Suite 1100
Arlington, VA 22203

Dear Mr. Darman:

I am writing this letter in response to your company's press statement dated November 10, 2004, in which you objected to the California State Treasurer's Office including AES as one of our "Spotlight Four Companies," which gave excessive executive compensation to the top five executive officers despite the poor five-year performance of its company's stock.

We believe AES' executive pay practices merit attention because the top five officers received over \$9 million in compensation in 2003 alone, despite the fact that the company's stock declined by more than 60 percent over the five-year period ending in 2003, the year your company awarded this compensation. By any measure – even the data cited in your press statement – AES' executive compensation practices violate the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) proxy voting policies, which provide that no more than 5 percent of the equity compensation granted by a company should be distributed to the top five executives.

In putting together our list, we relied on AES' own proxy statement. We are still unable to verify, by reviewing your U.S. Securities and Exchange Commission (SEC) filings, the data you cite in your press statements. Specifically, my office is unable to discern the total amount of compensation paid to other than the top five AES executives. If the percentages you cite are correct, the total amount must be in the millions of dollars. Shareholders ought to be able to rely on your company's public proxy materials for this type of material information on your compensation practices.

We hope that AES will file an amendment with the SEC to disclose the full amount of compensation paid. It is also our hope that AES will move quickly to bring your

executive compensation packages into compliance with the proxy voting policies of CalPERS and CalSTRS for the benefit of shareholders and the long-term value of the company.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Phil Angelides', written over a light blue rectangular background.

Phil Angelides
State Treasurer